

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Extended Study Session

July 23, 2001  
6:00 p.m.

Council Conference Room  
Bellevue, Washington

PRESENT: Mayor Mosher, Deputy Mayor Marshall, Councilmembers Davidson, Degginger, Lee<sup>1</sup>, and Noble

ABSENT: Councilmember Creighton

1. Executive Session

Deputy Mayor Marshall opened the meeting at 6:01 p.m. and announced recess to executive session for approximately 40 minutes to discuss one item of pending litigation and one item of potential litigation. The study session reconvened at 6:50 p.m. with Mayor Mosher presiding.

2. Oral Communications

Mayor Mosher noted that Agenda Item 4(a), the application of Cosmos Development and Administration Corp. to amend the Concomitant Agreement for redevelopment of Lake Hills Shopping Center, is a quasi-judicial matter. He said the record for that proceeding is closed and, therefore, Council cannot take public comment on the issue unless it relates solely to a procedural matter.

- (a) Jan Benson, Co-Chair of Neighborhood Network North, discussed the organization's mission of bringing neighborhood representatives together to share information and work with the City to develop solutions to problems. She said a number of City and Community Councilmembers, as well as City staff, have met with Neighborhood Network North during the past six months to discuss a variety of issues and projects. She thanked Council for its support and praised Cheryl Kuhn, Neighborhood Outreach Manager, and Shelley Martin, Community Involvement Coordinator, for their professionalism and work with residents.
- (b) Charlie Hafenbrack, Chairman of Bellevue Downtown Association, said the BDA is pleased to work with the City in its current review of the Downtown Implementation Plan. He commended the City's leadership and planning for growth. He said the alternative recommended by City staff reflects the contributions of consultants, staff, and Citizen Advisory Committee members. He expressed support for staff's recommendations and encouraged the City to move forward with the technical analysis.

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<sup>1</sup> Mr. Lee left the meeting at 8:40 p.m.

Mr. Hafenbrack said the downtown is a critical component to the community's fiscal health and a key piece of the regional growth management strategy. The concentration of new jobs and residential units in the downtown will help protect neighborhoods and fulfill the goal of preserving rural and recreational lands outside the Urban Growth Boundary. Mr. Hafenbrack said enhancing and solidifying the tax base in downtown Bellevue will protect neighborhoods by reducing pressure to raise property taxes to cover basic services. He noted that residential property taxes have not increased in six years while City services have held constant or increased. Mr. Hafenbrack thanked Council and staff for working with the community to update the Downtown Implementation Plan.

- (c) Barbara Jirsa, Bellevue Art Museum, invited everyone to attend the Bellevue Art Museum Fair and noted that admission to the museum will be free throughout the weekend art fair. Ms. Jirsa thanked Council for its support of the museum.

### 3. Study Session

#### (a) Council New Initiatives

- ➡ Dr. Davidson moved to appoint Howard Blood to the Environmental Services Commission, and Mrs. Marshall seconded the motion.
- ➡ The motion to appoint Howard Blood to the Environmental Services Commission carried by a vote of 6-0.

#### (b) Downtown Implementation Plan Transportation Alternatives

City Manager Steve Sarkozy noted that a review of the Downtown Implementation Plan was initiated approximately six months ago. Transportation Director Goran Sparrman said this project is expected to continue for another 12 months. The updated Downtown Implementation Plan will guide the development of downtown Bellevue during the next 20 years. Mr. Sparrman introduced the project team: Planning Director Dan Stroh, Associate Planner Emil King, Transportation Assistant Director Kris Liljeblad, and Senior Transportation Planner Allison Dobbins.

Mr. Sparrman said the Downtown Implementation Plan Citizen Advisory Committee (CAC) is scheduled to approve a set of Transportation and Urban Design packages on Wednesday, July 25, which will provide the basis for further analysis and environmental review throughout the summer and fall. Councilmember Creighton is a co-chair of the CAC. By 2020, Bellevue's downtown employment is projected to increase from 35,000 to 79,000 jobs and the downtown residential population is expected to increase from 3,000 to 14,000 people. This is expected to produce a 156 percent increase in person trips over the next 20 years.

Mr. Liljeblad said three transportation packages are currently under consideration: Major New Roadway Access Package, Major Transit Package, and Major Intercept Package. Eventually a preferred alternative will be selected that combines components of all three packages. A common element of the packages is a plan to restrict left turns to major intersections along NE

4<sup>th</sup> Street, NE 8<sup>th</sup> Street, 112<sup>th</sup> Avenue, and Bellevue Way. Transit amenities will continue to be improved and a proposed local circulator route is included in the plan.

Mr. Liljeblad described the Major New Roadway Access Package, which focuses on maximizing vehicle access to the downtown. New access ramps from I-405 at NE 2<sup>nd</sup> and NE 10<sup>th</sup> Streets will help relieve traffic volumes on NE 4<sup>th</sup> and 8<sup>th</sup> Streets. Other elements of the package include widening NE 2<sup>nd</sup> Street and portions of Bellevue Way and converting 106<sup>th</sup> and 108<sup>th</sup> Avenues NE to one-way streets. A major capacity improvement identified east of downtown would provide a connection from SR 520/124<sup>th</sup> Avenue NE, down to the vicinity of Main Street/120<sup>th</sup> Avenue, then over 116<sup>th</sup> Avenue and I-405 to enter downtown on the Main Street alignment. Another major new connection under consideration is a two-lane roadway extending from 124<sup>th</sup> Avenue across Wilburton Hill Park, to connect with the Lake Hills Connector near the intersection of SE 8<sup>th</sup> Street. Mr. Liljeblad reiterated that these packages are under consideration with the idea that select portions will be combined in the ultimate preferred alternative.

Mr. Liljeblad said the Major Transit Package incorporates a stacked facility on I-405 as identified in the preliminary preferred alternative for the I-405 Corridor Study. The primary element of the transit package is the addition of high-capacity transit to serve the downtown area. Additional elements include roadway improvements to help improve transit efficiency and a moving sidewalk along the Pedestrian Corridor.

Mr. Liljeblad said the purpose of the Major Intercept Package is to intercept commuters and visitors at parking facilities near I-405 and encourage their transfer to public transit to travel throughout the downtown. These packages were presented to the Transportation Alternatives Task Group, a subgroup of the CAC, which identified additional project ideas as outlined in the memo beginning on page 3-39 of the Council packet:

1. Grade separation on 112<sup>th</sup> Avenue NE at the intersections of NE 4<sup>th</sup> Street and NE 8<sup>th</sup> Streets.
2. Add a westbound to southbound left-turn lane at 112<sup>th</sup> Avenue NE and NE 4<sup>th</sup> Street.
3. Add an off-ramp from eastbound SR 520 at the current Bellevue Way/Lake Washington interchange to provide access into downtown via 108<sup>th</sup> and 112<sup>th</sup> Avenues.
4. Improve access to I-405 on both 112<sup>th</sup> and 116<sup>th</sup> Avenues.
5. Consider additional grade separation opportunities to improve local circulation and enhance I-405 access.

Mr. Liljeblad reviewed the following project ideas discussed by the Transportation Alternatives Task Group but not recommended for further study:

1. Addition of general purpose and HOV capacity on SR 520. Mr. Liljeblad noted this is currently under study and review by the Trans-Lake Washington Committee.
2. Improve access to SR 520 via NE 8<sup>th</sup> Street, Lake Washington Boulevard, and 84<sup>th</sup> Avenue. Mr. Liljeblad said the City does not have the ability to widen these streets.
3. Improve access to SR 520 via NE 1<sup>st</sup> Street (with a new bridge) to Lake Washington Boulevard and 84<sup>th</sup> Avenue. This idea was rejected due to the impact on residential neighborhoods.

4. Widen 114<sup>th</sup> Avenue to improve access to downtown. Mr. Liljeblad said there is not sufficient right-of-way to widen both I-405 and 114<sup>th</sup> Avenue, so the recommendation is to focus on improving I-405.

Mr. Stroh described the urban design core components of the Downtown Implementation Plan:

- Shopping streets – Enhance the focus on commercial activity along primary corridors by: 1) extending Old Bellevue eastward along Main Street to 108<sup>th</sup> Avenue, 2) continuing to expand the retail focus along Bellevue Way, and 3) encouraging retail opportunities along the Pedestrian Corridor.
- Green streets – Mr. Stroh said this component provides an emphasis on pedestrian-friendly streets and amenities.
- Neighborhood retail clusters – Three neighborhood retail clusters have been identified (Ashwood, Northwest Village, and East Main) as serving downtown and adjacent residents.
- New parks and open space – Mr. Stroh noted opportunities to preserve both public and private open space and an idea to create an entrance to Downtown Park from Bellevue Way.
- Gateways – Gateways will help delineate entry points into Downtown and highlight the character of individual districts.
- Connected water features – Mr. Stroh said there is a sense that a unifying design feature is needed and that this could be achieved by linking current and new water features throughout the Downtown, potentially all the way to Meydenbauer Bay.

Mr. Stroh noted that detailed design work will be conducted once the CAC endorses specific concepts for further work. As part of the Downtown Implementation Plan process, the Ashwood site is undergoing an analysis to determine its potential best use. A private developer has proposed the establishment of a cultural arts center on a portion of the site. Another related activity is review of the Downtown Subarea Plan, which has not experienced a significant update since 1979. Mr. Stroh said the City's web site contains more information on this project at [www.ci.bellevue.wa.us/pcd/dip](http://www.ci.bellevue.wa.us/pcd/dip).

Mr. Stroh reviewed the following next steps:

- CAC to provide direction at July 25 meeting regarding alternatives for analysis.
- Transportation analysis and additional work on urban design and Subarea Plan review will continue into Fall 2001.
- On August 6, Council will be asked to appoint replacements for vacant CAC positions.

Referring to the idea for a moving sidewalk along the Pedestrian Corridor, Mr. Degginger suggested a similar facility to connect to the convention center. Mr. Liljeblad said the moving sidewalk would have to fit around the existing Transit Center on NE 6<sup>th</sup> Street. Mr. Degginger feels it is important to provide a connection of some type between the east and west portions of downtown Bellevue.

Mr. Lee encouraged the CAC to consider a monorail system as an appropriate people-moving technology. He described Detroit's modern monorail system which connects major areas of the community. Mr. Lee expressed concern with the timing of the Downtown Implementation Plan

review. He suggested addressing Bellevue's overall growth and plans for the future along with the review of downtown Bellevue.

Mr. Lee questioned the intent of neighborhood retail clusters in the downtown. Mayor Mosher commented on the need for services near downtown residents and employees. Mr. Stroh said the number of downtown residents has increased from 600 to approximately 3,000 and the clustering of neighborhood services is needed to support continued population growth. Mr. Lee feels these centers should be connected to transportation facilities as well. Mr. Noble encouraged additional discussion and review of neighborhood retail clusters and parking facilities and proposed the creation of benefit districts for meeting specific needs.

Dr. Davidson commented that 20 years is a somewhat short horizon considering the issues that are being addressed in the Downtown Implementation Plan review. He expressed concern about the direction to potentially use roadways that have already been paid for to incorporate open space, HOV-only lanes, and parking. He encouraged a greater emphasis on expanding parking facilities and suggested the Ashwood site would be a prime candidate for a parking project. Dr. Davidson feels that some of the transportation projects under consideration are perhaps overly ambitious for a 20-year plan given their scope and cost. Mr. Sparrman acknowledged that the project team is presenting an array of alternatives and that trade-offs will be necessary in upcoming discussions. Dr. Davidson encouraged the project team to consider local improvement districts (LIDs) as a financing option for some of the Downtown Implementation Plan elements.

Deputy Mayor Marshall said the previous 10-year plan for downtown was completed earlier than anticipated and many downtown features are already in place. Mrs. Marshall encouraged an intensive outreach process with citizens and businesses throughout the DIP review. She said the Trans-Lake Washington Study has not received funding from the state legislature to continue beyond October and, therefore, plans for SR 520 are unknown at this time. Mrs. Marshall noted that the Su proposal for a cultural arts center on the Ashwood site includes plans for shared parking facilities.

Mr. Degginger expressed concern that the state legislature is not addressing congestion on regional highways and that some of the local transportation projects under consideration would create alternate routes for I-405.

Mayor Mosher agreed that the City should focus on improving access to and from Downtown Bellevue but not create bypass routes for regional travel. He is in favor of the connected water features idea and cited San Antonio's River Walk as a model project. He commended staff for their work and looks forward to further analysis and discussion.

Dr. Davidson recommended efforts to encourage Metro to establish a free-ride zone in downtown Bellevue. Mr. Liljeblad described staff's discussions with Metro regarding the establishment of a local circulator system in Bellevue. He said Metro is willing to consider a free-ride zone.

(c) Regional Issues

Mr. Sarkozy thanked Cristina Van Valkenburgh, Land Use Director, for her service to the City and wished her the best of luck as she relocates to Chicago.

Gary Ameling, Interim Finance Director, provided a briefing on the potential financial impacts of Initiative 747, which will appear on the November ballot. Prior to 1997, taxing jurisdictions had the ability to increase property taxes by up to 6 percent per year and to bank any unused property tax increases for the future, if needed. After the passage of Referendum 47 in 1997, taxing jurisdictions could increase their property tax levy by the lesser of 6 percent or the percent change in inflation (as measured by the Implicit Price Deflator, or IPD). Although Bellevue has not imposed any property tax increases in the past six years, the City's banked capacity is \$4.8 million lower than it would have been before the passage of Referendum 47.

Beginning in 1999, Tim Eyman has sponsored three initiatives that affect property taxes. Initiative 695 in 1999 was subsequently ruled unconstitutional by the State Supreme Court in 2000. Initiative 722, passed in 2000, was ruled unconstitutional by Thurston County Superior Court and an appeal was heard by the State Supreme Court on June 12, 2001. If Initiative 722 is ultimately ruled constitutional, the City's banked capacity of \$6.4 million would be eliminated.

Mr. Eyman's newest initiative, Initiative 747, further limits the taxing capacity to the lesser of 1 percent or the IPD percent change. Mr. Ameling said this would reduce Bellevue's property tax capacity by \$400,000 to \$500,000 per year. He noted that many smaller cities in the state, including most of Bellevue's contract customers, rely heavily on property taxes as their primary revenue source. King County is currently experiencing a budget crisis and would also find it difficult to operate within this particular limitation.

Mayor Mosher expressed concern about the potential impacts to taxing jurisdictions and the lack of revenue options.

Dr. Davidson feels the passage of these initiatives reflects citizens' interest in property tax reform and that government should spend more time addressing this issue.

Moving on, Regional Issues Manager Diane Carlson directed Council to the joint interest statements regarding I-405 and the Trans-Lake Washington Study (SR 520), beginning on page 8 of the Regional Issues packet. The statements were previously drafted by Bellevue and Redmond and have been revised to incorporate the City of Kirkland's input.

- ➡ Mrs. Marshall moved to adopt the joint Bellevue-Kirkland-Redmond Policy Interest Statement regarding the I-405 Study, and Mr. Noble seconded the motion.
- ➡ The motion to adopt the joint I-405 Policy Interest Statement carried by a vote of 6-0.

Ms. Carlson noted a revised version of the Trans-Lake interest statement in Council's desk packets.

- ➡ Mrs. Marshall moved to adopt the joint Bellevue-Kirkland-Redmond Policy Interest Statement regarding the Trans-Lake Washington Project, and Mr. Noble seconded the motion.

- ➡ The motion to adopt the joint Trans-Lake Washington Project Policy Interest Statement carried by a vote of 6-0.

In response to Dr. Davidson, Mrs. Marshall explained that the reference to “Up to two additional general purpose lanes in each direction throughout the corridor” in the I-405 interest statement reflects the consensus of the I-405 Study Committee.

Mayor Mosher thanked Mr. Creighton, Mrs. Marshall, and Mr. Noble for their work on this effort.

Ms. Carlson said King County Executive Ron Sims announced in May that the County is canceling its interlocal agreement for jail services with all cities. Since then, the King County Administrators and Managers group has organized an effort to form a joint negotiation team representing all cities in King County that wish to participate. Ms. Carlson said staff recommends that Bellevue participate in these joint negotiations. She requested Council direction regarding participation and feedback on the draft Interest Statement for Negotiation of the King County Jail Interlocal Agreement.

Mr. Degginger suggested that issues involving the City’s probation program, such as supervision and liability, be introduced into these negotiations. He encouraged consideration of contract provisions that would prevent any party from prematurely canceling a future interlocal agreement.

Mrs. Marshall would like jail contracts to be based on actual costs and she is pleased this point is included in the draft interest statement. She said the Tri-Cities, Wenatchee, and Yakima all have jail beds available and are interested in discussions with Bellevue.

In response to Mr. Lee, Ms. Carlson said staff will work to determine “fair and reasonable” rates and to compare King County’s rates to jail costs elsewhere.

- ➡ Mrs. Marshall moved to adopt the Interest Statement for Negotiation of the King County Jail Interlocal Agreement, with the addition of two topics, probation issues and contract cancellation, suggested by Mr. Degginger. Mr. Noble seconded the motion.
- ➡ The motion to adopt the Interest Statement for Negotiation of the King County Jail Interlocal Agreement, revised to also address probation issues and contract cancellation, carried by a vote of 6-0.

Ms. Carlson said there is nothing to report on the state legislature which is currently stalled by transportation funding negotiations.

At 8:40 p.m., Mayor Mosher declared a five-minute break and Mr. Lee left the meeting. The meeting resumed at 8:47 p.m.

(d) Overview and Discussion of Reserve Policies

Mr. Ameling referred Council to page 3-56 of the Council packet for materials about the City's financial reserve policies. The benefits of financial reserves include the following:

1. Allow for capital replacement (e.g., vehicle replacement) without incurring finance charges or causing large fluctuations in expenditures.
2. Provide funds to address unexpected fluctuations in expenditures and revenues.
3. Prepare for unforeseen obligations not yet due, such as insurance claims and medical benefit payments.
4. Comply with legal requirements and legislative policy.
5. Contribute to the City's achievement of a Aaa bond rating, which lowers future borrowing costs and indicates the highest level of management practices and financial performance.

Mr. Ameling said approximately 16 percent of the City's budget represents reserves. The four types of reserves are capital investment and replacement (\$44.6 million), pension and self-insurance (\$36.6 million), operating (\$33.4 million), and debt service (\$6.5 million). Capital investment and replacement reserves eliminate the need to borrow in order to replace assets and include the Land Purchase Revolving Fund for property acquisitions. Pension and self-insurance reserves include the Firemen's Pension Fund, LEOFF I Medical Reserve Fund, and the Health Benefits Fund. Operating reserves support ongoing operations (Development Services Fund, Utility Funds, Parks Maintenance and Operations Fund) and protect the City from an economic downturn or revenue shortfall (Rainy Day Reserve, Parks Enterprise Fund). Debt service reserves provide principal and interest payments (Interest and Debt Redemption Funds) and default protection (Utility Revenue Bond Redemption Fund).

Mr. Ameling described the City's review and monitoring efforts related to reserves. Reserves are thoroughly evaluated during every budget cycle and as part of the quarterly budget monitoring process. Many of the reserves are established based on actuarial studies and historical activity. Mr. Ameling summarized that current reserve policies provide direction to the City's planning processes and meet established legal requirements and Council-adopted policies.

Mr. Degginger requested information on other cities' reserve policies as well as annual reports on how Bellevue's reserve funds are spent. Mr. Ameling offered to provide a more detailed report to Council regarding these issues. Mrs. Marshall suggested including reserves in the annual comparative cities study.

(e) Capital Facilities Financing Discussion

Mr. Sarkozy said staff would like to provide an overview of financing options for capital facilities, including the potential use of voted debt. If Council is interested in the options presented, staff will pursue additional analysis and discussions with Council.

Mr. Ameling noted that Council has recently heard a number of presentations regarding major strategic capital investment opportunities including a public safety facility, parks and open space needs, partnership projects with Bellevue School District, and a performing arts center. Potential funding sources include the Capital Investment Program (CIP), the General Fund, a \$13 million Council reserve, Councilmanic debt, and voted debt.

Mr. Ameling said state law authorizes taxing jurisdictions to carry a certain amount of debt capacity based on their assessed valuation. Bellevue's available debt capacity includes \$440 million within Utilities, \$428 million for Parks and Open Space, and \$389 million in the General Purpose category (includes voted and Councilmanic debt capacity). Mr. Ameling said tonight's discussion will focus on the General Purpose and Parks and Open Space categories.

For purpose of comparison, staff gathered data from six Puget Sound cities: Federal Way, Kent, Kirkland, Redmond, Seattle, and Tacoma. These cities have used the following percentages of voted General Purpose and Parks and Open Space debt capacity: Redmond, 6.92%; Seattle, 6.11%; Kent, 4.07%; Kirkland, 3.12%; Tacoma, 2.77%; Bellevue, 2.04%, and Federal Way, 0%. The last voted debt issue in Bellevue was a park bond measure in 1989 that will be fully repaid by 2009. Mr. Ameling explained how Bellevue's Aaa bond rating enables the City to receive favorable interest rates and reduce overall debt service costs.

Mr. Ameling described Bellevue's development activity and how the city's large commercial base benefits local taxpayers. Residential properties represent 64 percent of Bellevue's total assessed value and commercial properties represent 36 percent of the total assessed value. Total assessed valuations for the seven Puget Sound cities are as follows:

Seattle	\$65.62 billion
Bellevue	\$17.67 billion
Tacoma	\$10.67 billion
Redmond	\$ 7.18 billion
Kent	\$ 7.17 billion
Kirkland	\$ 6.00 billion
Federal Way	\$ 5.21 billion

Mr. Ameling noted that Bellevue's assessed valuation is second highest in the state although a few cities are larger in population. The average home value in Bellevue is \$347,000, the highest of the seven cities. The percentage of household income needed to service a \$10 million bond issue is .02 percent for Bellevue, which is lower than all cities except Seattle. Mr. Ameling summarized that Bellevue's development activity and strong commercial sector help to keep residential taxes low and offset the cost of debt financing.

Mr. Ameling discussed how new major initiatives could be funded with a voted debt approach. During the 1990s, the average levy rate for voted debt in Bellevue was \$0.37 per \$1,000 assessed valuation. Mr. Ameling explained that \$280 million could be generated through a series of bond issues to fund major capital projects at an average rate impact of \$0.27 per \$1,000 assessed valuation for the period 2003 to 2030. This represents 0.12 percent of Bellevue's household income, compared to a rate of 0.13 percent for the 1990s. Mr. Ameling summarized that it is possible for the City to be fiscally accountable while funding major capital needs through a voted debt approach.

Deputy Mayor Marshall feels it is important that citizens are able to enjoy a high-quality community at a reasonable cost. She is interested in preserving open spaces as infill development continues to occur.

Dr. Davidson is concerned about the impact of increasing property taxes, particularly for fixed-income residents, as home values continue to increase. Mr. Ameling noted that any potential bond issues would be subject to voter approval.

Mr. Degginger is pleased with Bellevue's sound financial management and strong business community. Mayor Mosher thanked staff for the presentation. He feels a voted debt approach provides opportunities for developing community assets at a low cost to citizens.

(f) Critical Areas and Shoreline Update

Planning Director Dan Stroh discussed the need for Bellevue to review and update its policies and regulations affecting critical areas and shorelines in order to implement new Growth Management Act and Shoreline Management Act rules. He requested Council direction regarding the appropriate approach to achieve this objective.

Mr. Stroh described the City's commitment to environmental stewardship during the past 30 years. The open streams concept was adopted in 1972 as one of the first comprehensive storm water programs in the nation. In 1987, Bellevue adopted a Sensitive Areas Ordinance, which again demonstrated the City's leadership in environmental issues. Similarly, residents support the preservation of open spaces and natural areas.

Kevin McDonald, Senior Planner, presented optional approaches for updating the Critical Areas Overlay District. He said the Growth Management Act requires jurisdictions to use the best available science when developing policies to protect critical areas and to give special consideration to preserve and enhance anadromous species, such as the salmon in our streams. Bellevue's critical areas regulations have not been updated significantly since 1987. Mr. McDonald said the City currently addresses critical areas such as wetlands, geologically hazardous areas, frequently flooded areas, and stream corridors. Bellevue's streams contain up to four species of salmon as well as cutthroat trout. Mr. McDonald said portions of 4,000 properties lie within 200 feet of some type of stream.

Mr. McDonald reviewed three options for approaching the critical areas update. The first option represents a continuation of current regulations and the use of SEPA (State Environmental Policy Act) to evaluate and mitigate projects. This option represents the least cost to the City but provides limited information on which to base investment decisions. A drawback to this option is that projects exempt from SEPA review do not undergo an environmental analysis.

Mr. McDonald said Option 2 updates the City's regulations based on the best available science with special consideration for salmon in terms of policies affecting setbacks, restoration, and incentives (potentially tax breaks, grants, technical assistance, transfers of development rights). Under this option, an applicant could conduct an independent site analysis and propose a development solution. This option would provide adequate research to guide the City's investments and land acquisitions.

Mr. McDonald said Option 3 is similar to Option 2 but provides more detailed research on streams and watersheds. This additional research would help the City to develop specific

standards for restoring the function of degraded stream and wetland systems and to better prioritize projects and acquisitions.

Mr. McDonald said staff recommends Option 2 because it provides regulatory predictability to property owners and is consistent with the City's vision of environmental stewardship. Option 2 is a reasonable response to state mandates and provides good information on which to base investment decisions.

Mr. Stroh said changes to the Shoreline Management Act, adopted by the state Department of Ecology in November 2000, are focused on protecting and restoring ecological functions. The deadline for updating Shoreline Master Program policies and regulations is December 2002. The regulations apply to both public and private lands within 200 feet of lakes, streams, and wetlands.

Mr. Stroh said the City has the option to approach Shoreline Master Programs through what the Department of Ecology has identified as Path A or Path B. Staff recommends a coordinated effort with other jurisdictions to develop a shared approach to the shoreline update requirements. Following environmental analysis and DOE training, the City would then be in a better position to select Path A or Path B. Staff further recommends a public involvement strategy incorporating a Council-appointed citizen advisory committee, outreach to property owners and the general public, and coordination with the Planning Commission, Parks and Community Services Board, and Environmental Services Commission.

In response to Dr. Davidson, Ms. Stroh said stream setback requirements under a "best available science" approach will likely be greater than the current 50-foot requirement. Mayor Mosher commented that such an approach might result in varying setbacks along a stream.

Mrs. Marshall spoke in favor of staff's recommended course of action and the creation of a citizen advisory committee. She suggested the committee include representatives associated with environmentally sensitive areas, contractors/developers, and Board and Commission members.

- ➡ Mrs. Marshall moved to direct staff to: 1) pursue Option 2 for the Critical Areas update, 2) engage in a coordinated effort with other jurisdictions for the Shoreline Master Program update, and 3) initiate the process of establishing a Council-appointed Citizen Advisory Committee to oversee this work. Mr. Noble seconded the motion.
- ➡ The motion to direct staff to pursue Option 2 for the Critical Areas update, engage in a coordinated effort with other jurisdictions for the Shoreline Master Program update, and initiate the process of establishing a Council-appointed Citizen Advisory Committee carried by a vote of 5-0.
- ➡ Mrs. Marshall moved to extend the meeting to 10:30 p.m., and the motion was seconded.
- ➡ The motion to extend the meeting carried by a vote of 5-0.

In response to Dr. Davidson, Mr. Stroh said the Planning Commission must be involved with the CAC because this work will ultimately affect changes to the Comprehensive Plan and Land Use Code. Mr. Stroh noted that other Board and Commission members may also want to participate.

4. Discussion of Upcoming Items

- (a) Application of Cosmos Development and Administration Corp. to amend Concomitant Agreement (Ordinance No. 3755) to allow redevelopment of the Lake Hills Shopping Center, located on the northwest corner of the intersection of Lake Hills Boulevard and 156<sup>th</sup> Avenue SE, to a mixed-use neighborhood retail center. The existing Community Business (CB) zoning will not change. Although described as a rezone, the applicant seeks only to amend the conditions of the 1989 Concomitant Agreement which applies to the property. (File No. 01-107895-LQ)

Land Use Director Carol Helland said the purpose of this agenda item is to give Council an opportunity to ask questions of staff or the Hearing Examiner regarding the application of Cosmos Development and Administration Corporation to amend the Concomitant Agreement to allow redevelopment of the Lake Hills Shopping Center. While this type of application is processed as a rezone by the City, there will be no change in zoning for the site.

In response to Mr. Degginger, Ms. Helland confirmed that the Hearing Examiner imposed a maximum size of 157,000 square feet for the redevelopment project. The Hearing Examiner's decision allows the development of a grocery store, specifically, covering up to 45,000 square feet. If approved, the amended Concomitant Agreement will allow a maximum building height of 40 feet. If the rezone is approved, the redevelopment project will undergo a full design review process incorporating public comment.

In response to Mr. Noble, Ms. Helland said most of the issues raised in a letter by James Eder, a Bellevue resident, were addressed in the SEPA (State Environmental Policy Act) appeal. She said some issues are addressed by Exhibit 31, a description of changes to the Concomitant Agreement resulting from public testimony. Page 100 addresses the pedestrian connection issue raised by Mr. Eder.

At 10:16 p.m., Mayor Mosher declared the meeting adjourned.

Myrna L. Basich  
City Clerk

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